Economic Reform Conference

Abalkin Answers Questions on Economic Conference

LD1711235989

[Editorial Report] Moscow Television Service in Russian at 1903 GMT on 17 November carries a 37-minute recording of a news conference held on 15 November with Leonid Abalkin, deputy chairman of the USSR Council of Ministers, on the conclusion of the scientific and practical conference held in Moscow to discuss Soviet economic reform. Video shows Abalkin on rostrum. An unidentified chairman opens the news conference:

"Esteemed ladies and gentlemen, we have invited you to a meeting in connection with the conclusion of the all-union scientific and practical conference on radical economic reform. This conference opened on Monday and ended today in the Hall of Columns of the House of the Unions." "Today Academician Leonid Ivanovich Abalkin, deputy chairman of the USSR Council of Ministers, will share his impressions on the conference with you."

Urgent measures, Abalkin says, must be taken to implement economic reform, and these measures must be drawn up before the Congress. Taking part in the conference were experts in all fields, to discuss as openly as possible, with all possible opinions represented, a nationwide program to take into account of all shades of opinion. The program must be realistic, comprehensive, and bold. The conference yielded a great deal of material over the 3 days it was held.

The first question is from a TASS correspondent who asks about the basis for the theory of the transitional period.

Abalkin says one main issue is how to move from a nonmarket economy to a market economy, how to create the infrastructure. The program is based upon a critical evaluation of past experience, both in the USSR and abroad; a scientific and theoretical analysis was also made. All this went into the proposals advanced.

A BTA correspondent asks about consensus on the issues discussed and on approaches to republican financial autonomy.

Abalkin says consensus is impossible in such cases: Full agreement would mean stagnation in thinking. All aspects must be weighed and conclusions reached. Agreement on the basic fundamentals was, however, attained: Without reform, we have an impasse. Consensus in the sense of an understanding of the responsibility of the decisions to be made was thus reached. Financial autonomy must be introduced in the republics from 1990, which leaves very little time. Huge price changes are impossible, but we are compelled to take interim measures to compensate until full measures are implemented. The source of republican budgets have been precisely defined, and further measures amendments can be made in 1991 when other repu move to financial autonomy.

The FINANCIAL TIMES correspondent, speaking english with superimposed Russian translation, asks question from the FINANCIAL TIMES: Could you us what specific changes must be made in your econo program as a result of the conference? It seemed to that the reaction to your program was pretty dis pointing. Do you agree with that assessment?"

Abalkin responds: "The conference yielded no funda mental changes, no rejections of any directions or sta of reform. Conservative moods, however, turned out be stronger than I had assumed before the conferenc started. This perhaps reflects the general changes in the social situation in the country, which is today substan tially different from the situation in the summer, the summer of this year. This must be taken into account this complex development of events: One cannot simply brush it aside, one must be ready for it.

"I cannot as yet fully evaluate what was done in the sections—work went on in eight sections, four roundtables, and over 200 people spoke—all this must be looked at attentively, some interesting ideas, and amplifications may evidently be found there. And only then will it be possible to evaluate fully the quality of the discussions."

A Portuguese correspondent asks whether public opinion might oppose the changes needed to emerge from impasse. The correspondent also asks what will be the role of the congress.

Abalkin responds that public opinion is vital; attempts have been made to play with public opinion and manipulate it. Public opinion must be mobilized—it is awaiting constructive measures and decisions. The congress will certainly be very turbulent and contradictory. We must learn to listen and heed one another, we must overcome social "deafness."

An Italian correspondent asks in English about opposition in society to private ownership.

Abalkin says the law on ownership, like the law on taxation must be submitted for nationwide discussion. As an economist, Abalkin says that it is very common for terms to be misunderstood, terminology is a source of misunderstanding and therefore of tension. Terms such as private ownership and cooperatives have been interpreted in different ways, giving rise to unnecessary polemic. We must not try to put over new thinking in the old terminology of the 19th Century.

An EL PAIS correspondent, in Russian, asks: "The newspaper EL PAIS, Spain. I should like to learn about ruble convertibility—that is one point; then also about a system of rationing, and third, parallel money—chervonets."

Approved for Release
Date AUG 1991

(5)

[Abalk]in replies: "I believe the opinion is general and [preval]ent that there is a need for a Soviet ruble to be [con]vertible. The only difference is in the professional [and] the nonprofessional views of how to make the [ruble]. The difference lies in the fact that the profes[sional] assessment—as held by all the great experts, not [just] in the Soviet Union but in the west, too—is that [just] in the Soviet Union convertibility cannot be introduced by decree. We [cannot] just convene a session of the Supreme Soviet and [vote] to introduce ruble convertibility as of 1 January. In [order] for this to come about, we must have within the [country] a developed market economy, a price structure [simi]lar to the price structure on the world market. We must [have] a developed infrastructure with the circulation of [do]mestic securities and at least what we call internal [possi]ble convertiblility. We must have well-trained profes[sionals]. We must have a whole host of other conditions [which] cannot be created just by decree or administrative [decisions] made purely at will. This is the road we must [go] down. But we must go down it aware of all its [com]plexities. This must be the case at subsequent stages [in] this movement, as well.

"A system of rationing is, in my opinion, an unacceptable path. We asked the country's leading academics and economists for an analysis of this problem and of the possible economic and social consequences. We had virtually total unanimity from them in their assessment of the inexpediency and of the socioeconomic unjustifiability of such a move. It does not feature in the program of our actions. If we succeed in implementing the steps that have been mapped out in the course of this year and next year, then this issue will have been removed from discussion by the start of the 1990's. If this program is not implemented—if something prevents it from being carried through—and if by the end of 1990...by the start of the 1990's we are unable to stabilize the situation in the country, then a system of rationing will be inevitable, but that will be the end of the reform.

"The question of a parallel currency is a question that is open to discussion. It is open to discussion. There are many plans and proposals on this score, but there has been no decision on this matter. There are pros and cons. It is not celar which outweigh which, or by how much. We need some more time to form a definite opinion, but there is less than a month for this."

An APN correspondent asks about the difficulty of the present state of affairs and whether the population expected to wait.

Abalkin says everyone is waiting for an instant miracle. In the past, he says, it is at times like this that reports of UFO's start circulating. We must convince public opinion, by means of the truth and nothing but the truth. Huge disappointments are inevitable after huge illusions. The unfortunate must be made aware of the state's concern for their well-being. We must not give way to emotions. The individual must be made to feel his own responsibility and the importance of this work. The republics must be given their chance: In 1990 they must be zones of change; they must show that things are changing for the better.

An ABC correspondent, speaking in English with superimposed Russian translation, asks: "President Bush has said that he wants perestroyka to succeed. What steps would you like the United States to take in the economic sphere to help perestroyka succeed?"

Abalkin responds: "We must do most of the work ourselves. I remember what Bush said about Poland and Hungary. He was quite right, I think, when he said, as a wise and realistic politician, that the Poles and Hungarians themselves must bring their country out of economic crisis, just like the Soviet people must do. We must do this ourselves. I am concerned most by what must be done in our country in these matters. As for what can be expected of the United States of America, which might be of assistance, I do not wish to develop this topic, because apart from the most general concepts with which you have all long been familiar—decide the issue of the most-favoured nation system, remove some other restrictions—I shall not be enriching our knowledge with anything."

A (?HARLEMS DAGLAD) correspondent, speaking in Russian, asks: "We did not all manage to follow the debates conducted at the conference. Could you perhaps tell us more specifically which points gave rise to the most negative reaction from the conservatives, and how do you reckon to break this opposition?"

Abalkin answers: "We have a great deal of historical experience on how to break the opposition. [laughter in hall] Therefore, the main task is how to learn to hold a dialogue with the opposition. The best way is to compel the conservatives to do battle with the radicals, while we get on calmly with the job at hand. [laughter] That would be the wisest solution, we have both radicals and conservatives. At the same time, we must take all the valuable and useful and sensible things offered by both of these, and include these in our programme and get on along our own way. As for the aspects which came in for criticism, I would limit myself to just two approaches. Emotions carried over from meetings were present at the conference; and there were also scientific discussions.

"Everything starts at the very beginning: Should state property be left unaltered, or should we start to modernize and renew, make it more flexible and start the process of de-etatization, given labor collectives on this basis the freedom to decide matters independently and to elect their manager. Or should we maintain the system of administration by injunction. Should we move to a market with new laws of regulating it, with flexible and mobile prices. Or should we as before keep prices unambiguously under harsh state control. A quite normal process is under way, not a very pleasant one, but a normal process of counterposing and weighing up and so forth. At the same time—and this is also a very well known thing—the existence of any opposition compels

one to sharpen one's instruments of argument, compels one to weigh up more attentively the possible consequences, which might be overlooked were there no such criticism. Altogether, in the final analysis, if there is no destructive action and no struggle, one can derive useful things from this, if one regards taking account of diverse points of view as a factor making it possible to ensure a more realistic program of action.

"Thank you for the interest you have shown in the work of our conference and in our commission's work. Thank you."

Supreme Soviet Session

Moscow TV Airs 20 Nov Supreme Soviet Proceedings

1600 GMT

LD2011174289

[Editorial Report] Moscow Television Service in Russian at 1600 GMT, on 20 November begins carrying a recorded relay of the 20 November Supreme Soviet morning session in the Kremlin.

The morning session is chaired by Nishanov, who says there is a quorum for the joint session of the Soviet of the Union and Soviet of Nationalities and declares the session open. He states that if the agenda is not completed this week, it is not excluded that the session may have to continue next week. A draft law on the press may find its way into the agenda if documentation is provided in time. Today the general principles of managing the national economy of the republics will be discussed, further aspects may be included in accordance with notes submitted by deputies.

At 1604 GMT, an unidentified Baltic people's deputy asks about a debate on the Draft Law on Financial Autonomy of the Baltic Republics.

At 1606 GMT, an unidentified asks why various aspects of the Baltic republics' autonomous economic management has not be included in the agenda.

At 1607 GMT, Deputy Prunskene asks about the general principles of the draft on the republican economic autonomy.

At 1608 GMT, Bichkauskas protests that one issue, namely republican autonomy, was excluded from the agenda: Nishanov says this is not so, and puts an end to procedural matters.

At 1610 GMT, People's Deputy Nikolskiy of the Commission on Glasnost asks about items on agenda: the Law on the Press is not on agenda.

At 1611 GMT, Obolenskiy asks about a decision on banning demonstrations.

At 1612 GMT, Deputy Vulfson says that on 18 November a demonstration was held in Riga with 500,000 people taking part, at which questions [...] asked about why the issue of a confederation wa[...] being discussed. The same issue is doubtlessly [...] discussed in the other Baltic republics. It was pro[...] that this matter would be discussed in October at [...] USSR Supreme Soviet. The date for the second re[...] must be set.

At 1614 GMT, Belozertsov asks about the free pres[...] the Press Law.

At 1616 GMT, Lukyanov says that no emotional elem[...] must be brought into the Supreme Soviet debate. [...] deputies have already said that there are attemp[...] remove the law on the press from the agenda. As soon a[...] comments on the draft have come in, the draft will be[...] on the agenda. As for financial autonomy of the B[...] republics, this matter is included on the agenda in fro[...] them. The session is planned to last only 5 days: [...] deputies have the right to prolong the session if they [...] in order to include all these issues. If the Law on the P[...] and the issue of the Baltic republics is to be included on [...] agenda, the deputies must decide this later in the day.

At 1620 GMT, Nishanov calls for the business to start: [...] original agenda set in October provided for 1 mo[...] work. Deputies have in front of them the draft law on [...] General Principles of Management of the Economy in [...] Baltic Republics. At this moment a deputy interrupts [...] report by trying to submit a petition to the chairm[...] Abalkin takes the floor, and resumes the history of [...] draft law, which was not passed at its first reading. A ne[...] variant of the law has been drawn up and has be[...] submitted for deputies' consideration. Abalkin stresses [...] need for compromise and a rational approach. He w[...] dwell on certain aspects only. In accordance wi[...] numerous requests, certain points on the legal aspects [...] the law have been included in the new variant. There mu[...] be regional self-financing and financial autonomy in ord[...] to develop the economy of the Union as a whole. The la[...] lays stress on demarcating the competence of the republic[...] and the union. The republics themselves must determi[...] certain aspects of this. The concept of ownership is cruci[...] and regional demarcation has a great bearing on thi[...] namely demarcation of ownership according to Union[...] republic, region and enterprise. The decision reached by [...] the commission was to lay down general principles [...] demarcating ownership. Industries are interpreted as a[...] union social distribution of labor, regardless of whethe[...] they come under a ministry or not.

1635 GMT

LD2011175789

[Editorial Report] Moscow Television Service in Ru[...] sian at 1635 GMT, ON 20 November continues its [...] recorded relay of the 20 November Supreme Sovie[...] morning session proceedings in the Kremlin.

At 1635 gmt, Abalkin states that with regard to taxation[...] the draft law, Article 6, enumerates the taxable revenues [...] of the republics. The financial basis of local soviets mus[...]